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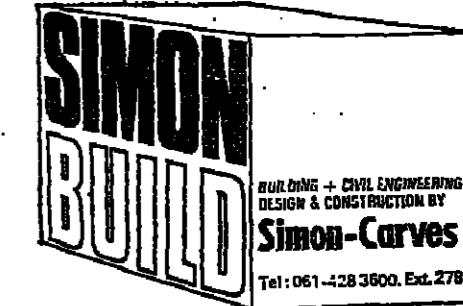
JO'BURG TODAY

FINANCIAL TIMES

No. 25,532

Monday August 16 1971

** 6p



News Summary

GENERAL
More
avour
EEC
ntry

BUSINESS
Nixon's
economic
study—a
statement

British public now views favourably Britain's prospects as an EEC member, according to the second of the official surveys conducted for FT by British Market Research Bureau Ltd.

The survey, taken between 29 and August 4, shows that 49 per cent now think Britain should join (against 76 per cent in June), and that 34 per cent now want entry, against only 22 per cent in June.

Every question concerning the outlook for the economy as a whole and for individuals inside Community there is now either optimism or less pessimism about the future. Back Page 11

ssian envoy
ives in Malta

It Ambassador Mikhailovskiy flew to Malta less than 24 hours after NATO decided it was pulling out its naval headquarters. Like other non-residents, he is known to have been for today's opening of summit. However, speculation was raised once more that he will try to persuade Premier to accept Soviet aid.

11

iet, but tense,
Jordan border

amic initiatives by Saudi

and Egypt eased the situation between Jordan and

but the situation remained

tially explosive. There were

military incidents over the end, however, the situation

expected to remain un-

ed until after the Egypt-Syria summit meeting in

on Wednesday.

tain seventh

world records yesterday in men's 4 x 400 metres relay

the women's 1,500 metres, and East Germany to a total

gold medals in the Euro-

athletics championships. In

day's marathon, Britons Mr

Wright and Ron Hill

2nd and 3rd respectively

Belgium's Karel Lismont

in was placed 7th overall

in the games. Page 3

ig ring broken

ns investigators and police

outhampton and Liverpool cracked an international smuggling ring, with head-

ers in Tangier, which used

it of vans with secret com-

ponents capable of carrying

300 lbs of cannabis—worth

\$0 on the black market. The

final destination was to

be the U.S.

ash kills four

people were killed and two

s injured when two cars

in a head-on collision on

41 near Newport.

ampion Stewart

Stewart crashed at 1.p.m. in the Austrian Grand

yesterday—but won the championship. The only

one who could possibly have

aken him in the standings,

an Jacky Ickx and Swede

Peterson, lost their

when they failed to

The race was won by Jo

i (BRM).

efly . . .

ess Anne was 21 yesterday.

jet airline pilot John

shaw, who flies in his spare

"fun," flew his piston

to victory in the King's

air race.

ing instructor James

wall, 30, of Glasgow, was

factory in hospital after

the night lying injured

up a mountain in Glen-

He had fallen 30 feet.

re Swindon youths arrested

a Blackpool-Swindon soccer

will appear in court later this

on charges ranging from

damage to drunkenness.

ium bond STP 659119 won

week's £25,000. The winner

in Middlesex.

ring continued in the

of England as most of the

s caused by the heaviest

in years continued to

le. However, at York, the

reached 11 feet above

al and caused further flood-

of riverside homes.

military regime reportedly

leaving the government anti-

Greeks of their citizenship,

promoting speculation that

constitutional changes

soon be announced. Page 17

No. 25,532

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Callaghan attacks on Ulster: plea for 3-party talks

BY RICHARD EVANS, LOBBY CORRESPONDENT

The broad consensus of agreement between the Government and Opposition over how the Northern Ireland crisis should be handled is showing increasing signs of strain, but Labour leaders are anxious not to create a split that could make the situation deteriorate still further.

Instead there is likely to be time to argue that the present pressure on Ministers to arrange an early meeting between Mr. Heath and the Premiers of Eire and Northern Ireland is essential for terrorism to be crushed and for tempers to cool before a political situation can have any hope of success.

There will be continuing pressure for the early recall of Parliament unless conditions in Northern Ireland improve considerably. More than 90 Labour MPs have signed the petition demanding a recall, and the sponsors believe that if they can get over 100 signatures Mr. Wilson and the "shadow" Cabinet might feel obliged to issue a formal Opposition request for the Commons to meet to

More critical

The tone of Mr. Callaghan's remarks was more critical of Government policy than previous comments he has made and he emphasised in particular the need for a political initiative to be taken at the same time that terrorism in Northern Ireland was being countered by tougher measures.

Among the proposals he suggested should be discussed by the three leaders were the setting up of a Northern Ireland Council, representative of all shades of opinion, system of proportional representation which would be fairer to the Catholic minority and better representation of minority opinion in the Stormont Government.

These ideas, and possibly others, are likely to put forward with increasing strength by Labour MPs in the coming weeks if there is no sign of a political initiative by the Government.

In his interview on BBC radio yesterday Mr. Callaghan said he had been "less than enchanted" with what the Government had done in Northern Ireland over the past week—a criticism of the policy of internment.

Ministers in their turn con-

Army to clear remaining street barricades

BY ARTHUR SANDLES

HAVING given Ulster a week-end of calm through military strength the British Army tonight made it quite clear that its grip would remain tight. As more troops moved in Army headquarters said remaining barricades would be removed. For some days the Army has been criticised for chasing IRA gunmen while Belfast and Londonderry homes burned. To some extent the military authorities have admitted that they could not cope with everything.

But now, with two days of virtual peace while the IRA licks its wounds, the Army has made it clear that it intends to clear remaining blocked streets. Catholic opposition is almost certain since the barricades are important psychological, and sometimes practical, feature in the troubles. "Without them," say the Catholics, "we feel naked."

It now seems certain that the

IRA will turn to widespread terrorism rather than continue the costly gun confrontation with the British Army.

Army claims about IRA casualties during the Ulster shootings were disputed in Belfast in a statement purporting to have come from the IRA's Provisional wing.

It was adamant that of the 25 reported killed in the past week only two were IRA members.

There was fresh trouble today where a mob of 100 pelted soldiers with stones.

• Ulster's Minister for Home Affairs, Mr. John Taylor, flew from Belfast to New York for a mystery 24-hour visit to-day.

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Letters to the Editor

BRACKEN HOUSE, CANNON STREET, LONDON, EC4

Growth and the Common Market

Sir—I am grateful to Peter Baker who in his letter (August 10), which you headed "Iceland and EFTA" pointed out that the fact that Switzerland, Finland, Austria and Iceland have not had faster economic growth rates since the formation of EFTA is irrelevant in the case of Iceland since that country did not join until 1970.

However, the suggestion that "the larger the extra market which becomes available to any given country the more likely its growth rate is to benefit" deserves further discussion on the following lines:

(1) Joining the EEC may well give British firms a "larger market". Any increases in sales to the EEC due to the lowering of tariff rates must be balanced against decreased sales in the U.K. (due to increased imports from the EEC) decreased sales to the Common Market (due to tariff re-adjustments) and the reduced purchasing power of countries denied agricultural outlets in the U.K.) decreased sales to other EFTA countries (since EEC members will have equal access to these markets) and, assuming no further devaluation, decreased sales generally abroad (due to higher costs following increases in the cost of living).

(2) Taken individually, growth rates figured for all EFTA and EEC countries between 1950 and 1968 cannot be used to prove (or disprove) this idea but in any case factors internal to each country "explain" their growth rates much more convincingly. (3) "Small economies" which become closely linked to "large economies" often do not benefit in the long term—witness the position of Scotland to-day. (This is one fairly definite conclusion that has come from the study of regional economics.) It is true that this result may be avoided if there are controls on the movement of labour and capital together with "local" exchange rate fixities. This is not the aim of the EEC though it is acceptable under the rules of EFTA.

In considering the many relevant points, it is difficult to escape the conclusion already reached by many leading economists that to suggest that the U.K. growth rate will be increased in the long term, due to EEC membership is at least naive, and perhaps even politically dangerous since it will lead to disillusion and bitter recriminations later on.

Jim Bourlet,
26, West Square, S.E.11.

A lack of knowledge

Sir—I find it distressing and threatening that anti-marketeers are seeking to cut off channels

of Government information necessary for people to make up their own minds in the light of their own interests in this matter of the Common Market "Great Debate."

Whenever I have asked people their opinion on the subject I have found not so much an anti-feeling as one of despair over their own ignorance, a desire for real knowledge and some embitterment over a Government that never really told people what it was all about preferring to play its cards close to its chest. It is exactly the same problem of lack of communication as that between management and workers in some industries.

At best I have found that people generally have conceived of the EEC merely in terms of the price of butter and beef—an appallingly low level of debate which naturally suits the interests of the anti-marketeers since it is the negative side of the issue. In attempting to stifle Government information channels they are endeavouring to stifle the democratic process they lip-service to, in the interests of their own personal demagogues.

How arrogantly these writers denounce the White Paper, etc., as propaganda, pretending that they alone have wisdom enough to judge critically and that all the rest of us are mere stupid, gullible fools!

Having been privileged enough to pursue a full-time University education in Economics and International Relations—studying the ins-and-outs of international history, American and Russian foreign policy, NATO and the Warsaw Pact, The Commonwealth and EFTA, The United Nations and nuclear strategy, Comecon and the EEC, I and the White Paper, popular version as well, to be well balanced factual statement of the reality in which the U.K. finds itself to-day. If it appears propagandist or one-sided it is because reality has become, since World War II, increasingly one-sided for the U.K.

Having viewed the same situation through the eyes of a stockbroking investment analyst in the City since reinforces my views that UK interests lie increasingly with Europe than elsewhere. There is an alternative to our assuming an influential role within the EEC and thus in the wider world, and that is relative decline—economic, diplomatic and social, into the status of a less developed country; victim of super-power manipulations, beggar at the door of the advanced countries, pleading for charity from the UN institutions. The African diplomat who called us a "toothless old bulldog" was very near

Over the last nine years I have

used almost every kind of chart withdraw their labour—has and found that point and figure suited me best. I would not, however, claim that they are more sophisticated than Mr. Ellinger's excellent bar charts, which I use considerably to complement my own work.

Surely if a charlatan consistently supplies clients with good recommendations, then it does not matter what kind of chart he is interpreting.

R. L. G. Lake,
36, Coleman Street, E.C.2.

Technical analysis

Sir.—Mr. Short also mentioned in his article in your issue of August 2 that technical analysis has been applied to develop in the U.K. the U.S. In the U.S. this form of research is not regarded as something opposite to fundamental analysis, to be used as an alternative approach, but that both approaches should be used to complement one another.

However, I would suggest that it must be confusing to those considering the use of technical analysis in this country to note the aggressive attitude with which technical analysts defend their own techniques. All forms of investment research depend on the ability of the individual concerned and while Mr. Ellinger (August 5) may prefer the use of bar charts as opposed to point and figure charts he should not find it necessary to justify his preference provided he is obtaining the correct results. Fundamental analysis do not seem to require justification of their techniques.

A. E. P. Clarke,
194-200, Bishopsgate, EC2.

Complementary bar charts

Sir.—Although I am a point and figure (semi-log) chartist, I agree with Mr. Ellinger (August 5) that point and figure charts cannot provide "as much information as a bar or line chart. The point and figure chartist, however, does not necessarily want this additional information as the price movement is the only consideration.

In my opinion, point and figure charts provide much clearer accumulation, distribution, base and top patterns, which more than compensate for the loss of "gaps," "islands," comparability and relative lines.

If workers have the right to

withdraw their labour—has and found that point and figure suited me best. I would not, however, claim that they are more sophisticated than Mr. Ellinger's excellent bar charts, which I use considerably to complement my own work.

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J. H. Stevenson,
Federation of Medium and Small Employers,
1, Abbotts Green,
Croydon, CR9 5BL.

Pensions anomaly

Sir.—I am in complete agreement with Mr. D. A. Adkins' views (August 6) regarding pensions payable to residents outside Great Britain, as they suffer from the effects of inflation just as much as U.K. residents. In fact, I am of numerous cases where such pensioners are obliged to rely on charity.

To discriminate against the pensioner who lives abroad, after making his life's contribution to the British Government, is, in my view, unjust and unnecessary, and moreover, must surely involve the departments concerned in an excessive amount of work to administer such multi-tier systems, for what must amount to a very small saving to the Exchequer.

Unlike the U.K. resident, a person living abroad cannot appeal to his M.P. to lobby his case, and one must therefore hope that you Sir, through your columns will be prepared to champion this cause.

E. H. Lang,
Rue Langevin 64,
1180 Brussels, Belgium.

Industrial relations

Sir.—Mr. Southgate is perfectly correct (August 3) when he says that management is never absolute, depending as it does on the consent of the managed. However, he does not go on to comment on the other side of the question—the "right" demanded by trade unions not only to work or withdraw their labours, but also to deny the right to any others to work where they have stopped.

British industry tends to be bedevilled by this "double standards" attitude. What we need (and what the Government's much watered Industrial Relations Act will not give us) is a firm platform upon which the impact of workers on management (or vice versa) is controlled by a positive code of legal practice.

Over the last nine years I have

been involved in a number of disputes between management and workers, and in each case the foreign exchange facilities already issued for the journey does not result in the total amount made available for the journey exceeding £400.

No Form T need be completed, but the traveller's passport should be marked on his return.

The beneficiary received £100 the same day and your readers might be interested to know that the charge was 50p as opposed to the 3.1 per cent originally demanded by Giro.

W. G. Hodges,
134, Rosedale Road, S.E.21.

Stock valuation

Sir.—To your readers who may be considering the relative advantages of opening an account with Giro or a clearing bank (August 6) regarding pensions payable to residents outside Great Britain, as they suffer from the effects of inflation just as much as U.K. residents. In fact, I am of numerous cases where such pensioners are obliged to rely on charity.

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Stock valuation

Stock of finished goods at year-end
Sales less Gross Profit × 100

Because of seasonal variations, this ratio is probably not suitable for comparing periods of less than a year.

Peter Lowden Griffiths,
41, Gloucester Place, W.1.

The largest element

Sir.—I was interested in Mr. Dangerfield's analysis (August 10) for his research project on inventory management. Indeed it is the total system which should be optimised. He mentions raw material and finished stocks but omits work-in-progress stocks.

This is a common oversight in industry since there have been many drives on cutting down raw

material and finished goods stockholding without realising that in many engineering-type companies (and others), work-in-progress is the largest element of the one figure shown in the balance sheet for stocks.

Too many companies do not,

even for internal purposes, break stock figures down into the four main components of raw material, work-in-progress, finished stock and other stock (maintenance materials, petrol and fuel oil, stationery, etc.).

It is not uncommon to find that the contribution of each of these to total stock is in the order,

raw material 10 per cent, work-in-progress 45 per cent, finished stock and spares 20 per cent, other stock 5 per cent.

Excessive stockholding is only

one aspect of the weakness of British industry in achieving an adequate rate of turnover of assets which multiplies up the percentage profit on sales to the percentage profit on capital employed.

Concentration on reducing the work-in-progress will help towards this major end, as well as improving liquidity, because it will only be achieved by speeding up operations and the movement of materials through the factory. In the same issue as Mr. Dangerfield's letter, you mention how Spearwell have cut the time to produce a single tool from 15 days to 7 or 8 minutes.

Mr. Dangerfield asks: "how

many companies have heard of

or totally divorced the function of warehouse management as order processing?" Far too many I fear. It is logical that a company should first organise its activities as a business enterprise into clearly defined systems at sub-systems: cost trade-offs at systems or functional levels.

In using these formulae, most

companies underestimate their total cost of stockholding and there is little appreciation that in most cases the formulae have very flat

minima so that a reduction batch size of a considerable amount only puts up the batch cost by a small amount. In general it is more economic to break down a machine making items over and above current requirements and put it on making other items which are required. If the ultimate savings are demanded, the attention to set-up methods will usually enable runs to be economically by a third from third reduction in the set up or changeover times.

O. R. J. Lee,
LB Management Consultants,
5, West Side Common,
Wimbledon, S.W.19.

Inventory management

Sir.—Mr. C. P. Morton's letter (August 5) is a welcome amplification of his views expressed earlier in your columns—inventory must indeed be approached in a total sense for maximum efficiency. Hence the emphasis which must be placed on business logistics, of which inventory is a critical element.

I do not, however, deny the importance of evaluating logistics system requirements in the light of their interface with other functions of corporate life.

In this context, Mr. Morton comments on the opportunities created by value analysis are undoubtedly valid—so too are our references to such activities as materials handling and vendor analysis (the latter term refers to the appraisal of the financial, managerial, technological, productive and distributive capabilities of suppliers, to the extent that they are recognised as extensions of a company's own operations).

The principal focus of my letter was to highlight the need to look at inventory policies within the framework of a much broader field of management, namely business logistics, and the search for cost reductions, examine within such a framework opportunities for trading on cost increases in one area against cost decreases elsewhere.

For it is without doubt the approach which offers the greatest possibilities for cost reductions—how many companies have a traffic manager working in a complete vacuum or totally divorced the function of warehouse management as order processing? Far too many I fear. It is logical that a company should first organise its activities as a business enterprise into clearly defined systems at sub-systems: cost trade-offs at systems or functional levels.

In then offer even greater rewards to a company.

Graham Buxton,
1, Fairview View,
Horsforth, Nr. Leeds.

Selling money abroad

Sir.—Stock-taking is an expensive time-consuming operation for most companies. Nevertheless, the stock figure is an important component of the profit.

The questions which need to be answered about the stock figure are:

1. How is it valued?
2. How much has been written off and why?

3. Are the changes of stock due to changes of quantity or to changes in the method of valuation?

4. Is the stock excessive for the particular business?

Basically most stock is valued at cost, but in the case of work in progress produced at less than full capacity, the high overhead allocation may give inconsistent results from year to year. The rest of my remarks refer to stocks of finished goods.

On the stock sheets some attempt should be made to date the purchase or production completion so that the stock of finished goods can be aged, for example, less than one year old, one-two, two-three years, and over three years. A system of depreciation could be introduced to this stock to be valued at cost less than at this year's prices, but not at last year's prices. The difference between the two valuations of stock will give the price variance. This year's stock ± last year's stock will then give the quantity variance over the year.

One fairly simple ratio for indicating whether a company's stock of finished goods is increasing at an excessive rate is:

In using these formulae, most companies underestimate their total cost of stockholding and there is little appreciation that in most cases the formulae have very flat

Valuation for stocks

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TV Radio

£1.8M. SMOKELESS FUEL PLANT READY SOON

Production is due to start in the next few weeks at a major new plant which should ease any fears of a smokeless fuel shortage in the East Midlands this winter. The National Carbonising Company announced yesterday that a £1.8m. smokeless fuel plant at Snibston, in North Leicestershire, is about to start production. Output will be built up to 250,000 tons a year with supplies from the nearby Snibston and Bagworth Colliery complexes.

F.T. CROSSWORD PUZZLE NO. 1.646

A Across
1. This is the feeling confined to a leap year? (6, 2, 3, 3)
9. Quivering like a quill? (5)
10. When left there are no shores or impressions? (2, 7)
11. Clean ours to become felonious? (9)
12. Fanciful bird; yet it

Hamilton's piano concerto

by DOMINIC GILL

A programme of British music played by the BBC Symphony Orchestra under Norman Del Mar at Friday's Prom gave us the fairly predictable coupling of Vaughan Williams's *Tallis Fantasia* and Holst's *The Planets*: but also, by way of variety and contrast, introduced to the Albert Hall the piano concerto of the Scottish composer Peter Iain Hamilton.

The concerto was first conceived in 1960, at the end of a period which Hamilton himself describes as his "most bermetic"—the fruit of a compositional style "austerely controlled and concerned with expression by purely musical means, strictly excluding extra-musical reference." A year later, Hamilton emigrated to the U.S., where, in the middle 1960s, he began to move towards greater freedoms and the use of a "more open and colourful language"—a language he has since steadily developed. In 1967, after a visit to Guadeloupe and Puerto Rico, he decided to revise the piano concerto, changing the layout and adding new parts for harp and percussion (including an important one for marimba); it now

lasts for about 20 minutes, and is divided into 11 titled sections played without a break.

It is an attractive concert piece, cast in clear, light, mostly primary colours, and expertly put together. It does not appear to make, or attempt to make, any important outward statements: it is a work much involved with itself, with its own techniques and with one particular way of using them. It has simple surface brilliance: I specially liked the two Cadenzas, one with and one without orchestral support, hard, brittle and fast. And it has moments of pleasing contrapuntal ingenuity: the penultimate section, a *Quodlibet*, combines a whole series of past elements in an elaborate, pointillistic style. In their revised form, textures are brightened, given greater depth: but even now, the concerto still concerns itself less with growth and contrast (and thus dramatic movement) than with the self-contained expression of a single attitude, a single abstract concept. A static quality that is perhaps the work's most serious weakness, robs it of really special, pungent flavour. Claude Heffer was the capable and steely-fingered soloist.

Elizabeth Hall

Elisabeth Söderström

by RONALD CRICHTON

The refreshing series of summer Song recitals on South Bank brought to the Elizabeth Hall on Saturday evening the wedish soprano Elisabeth Söderström, admired Fiordiligi, Alceste, and Mélisande. Though her choice of songs was uncharmed, she drew a large audience, the programme was adroitly put together. At the beginning, traurig, reassuringly perfect, so groups by Scandinavian composers. After the interval some faintly unfamiliar but immediately winning Liszt paved the way for the realism of Mussorgsky's *The Nursery*.

In Strauss the touch of stringency, the tightening towards the top, that in the opera house sometimes give Söderström's singing a slight feeling of inhibition, actually worked to the music's advantage, clarifying, de-sweetening, "Schlagend erzen" and "Freundliche isen" were thus enhanced, but the singer's cool intelligence, based on "Ein Odeh gegen um und Regen" in a way that made it seem a patchy song. The Scandinavians were shown as true poets: flowers, birds, summer storms. Grieg wedged the German Lied style to his native Norwegian in the most natural manner. Nielsen's "Apple blossom" has lyrical beauty enough to transcend frontiers. Of the Swedish Nyström's

includes, besides a breath-

and country matters; it

SPORT 2: CRICKET... TENNIS

Ways to improve Tests in England

BY TREVOR BAILEY

ANYONE LUCKY enough to see the final Test in Australia earlier this year must surely agree that there is nothing seriously wrong with Test cricket. Here was a classic contest between two equally balanced opponents—a result of the absence of Boycott and the injury to Snow—who fought out a magnificent contest for five days with fortune continually fluctuating from side to side. Both countries had the opportunity to win right up to the final overs, providing the perfect example of how in cricket it is the situation which generates the excitement far more than the run rate.

Personally I do not believe there is anything intrinsically wrong with Test cricket. But that does not mean there is no room for improvement, especially in areas where gate receipts are dropping and likely to continue to do so unless there is some new thinking.

There is not one simple reason

for the noticeable decline of Test cricket in this India and Pakistan this summer, rather a series of different factors. First, it must of Tests, if 90 hours playing time were available, would produce a definite result. It therefore follows that there is one simple method of greatly increasing the chances of achieving a definite result to each contest. All that is required is to forgo the rest day prior to the Test and hold it in reserve to be used, if required, to make-up any time lost through bad weather.

Secondly, the present England team is efficient and effective, but lacking in panache. Certainly not one of the 12 chosen to meet India next Thursday possesses the drawing power of a Compton or a Truman.

Thirdly, limited over one-day cricket with its obvious advantages and attractions has unquestionably had a detrimental effect on the normal county game which is spreading to the Test scene.

It would indeed be ironic if the instant version, introduced to improve the finances of the counties, should prove to be the killer of Test cricket, the one big money producer.

Fourthly, far too many Test matches over here finish as unsatisfactory draws because of the weather. This has been per-

haps the simplest and, in the long term, most beneficial method would be to lay down a minimum number of overs per uninterrupted session. The interval would then not take place until these had been bowled.

This would automatically speed up the over rate, because the players would not be keen on long sessions in the field. Bowlers would be encouraged to reduce the length of their run-ups and also hasten the walking back to their marks.

If this was enforced I feel there would be no need to introduce the idea of limiting the number of overs of overs allowed to each team in a day.

Fifth, the tempo of Test matches is frequently too slow with all the first innings with attendant weaknesses.

Leading youngsters confirm their advance

BY JOHN BARRETT

THE events of the past seven days have confirmed the advance of three of the nation's best young players.

On the hard courts of the Northern Club on Saturday, Christopher Mottram, of Kingstone, 16 last April, and Glynn Coles, of Hounslow, one year older, became the youngest holders of the national under-21 titles. Then, at the Queen's Club yesterday, John Lloyd, the 18-year-old Essex boy, won the BP International Tennis Fellowship to decide who would represent Britain in the Tournoi de l'Esperance a six-nation under-21 event to be played in Ostend later this month.

The Manchester finals both

were against Drysdale 6—2, 6—1, and in the final, Mark Farrell, the burly Lancashire lefthander. This he won 6—4, 6—0 an ran off 10 successive games after trailing 0—2 in the first set.

As it was, the girls on Thursday were transferred to Stalybridge. It was there that two upsets occurred. First, the top seed, Jackie Fayter, lost to a fellow Devonian, Penny Moor,

in a match of extraordinary fluctuation. Having lost the first set, Miss Fayter ran away with nine consecutive games to lead 9—0 in the decider. From that moment her confidence evaporated and she frittered away six successive games to lose the match.

The girls' play off for the Tournoi de l'Esperance brought sweet revenge for Miss Burton.

Having accounted for Miss Fayter 4—6, 6—2, 6—3 in the morning, she overcame her conqueror of Saturday, Miss Coles 6—3 in the final set by consistent use of deep drives to the corners and sharply angled drives that created winning openings.

Lloyd's successes yesterday

Caution over car 'boom'

By Elizabeth Ganguly

GLOWING REPORTS of widespread record car sales were treated with some caution by motor manufacturers yesterday. It was readily acknowledged that the removal of hire purchase restrictions in particular has sent customers to the showrooms, but August usually presents an "upsurge" anyway, particularly as the new registration letter comes into use.

However, British Leyland said it was working at full capacity. Dealer demand was increasing and rapid deliveries were being asked for.

Spot check

A spot check during the first week of August at seven British Leyland distribution points in the Home Counties had suggested that sales were 40 per cent up. But British Leyland had a very clear run over the past few weeks, without industrial disputes, which means that "stocks are good, and we are able to supply our distributors." Even so, there could probably be a little delay developing, putting, say, the 14-day delivery for a Mini back to three weeks.

Ford said that it is to recruit another 1,000 car workers at Dagenham, which did not, however, indicate a new "fantastic" boom. It had been working flat out since the end of the strike last April.

Vauxhall, too, reports a very good August demand. A spot check on orders at some dealers during the last two weeks of July had indicated a 25 per cent improvement over the same period in 1970.

Generally the feeling is that the Chancellor's measures, plus the start of the new registration letter, have had their effects, but to talk of a boom while the components sector is largely on short time is a "bit of an exaggeration." The manufacturers still worry about long-term difficulties and "there are too many intangibles in our business," as one of them said.

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THE WEEK IN THE COURTS

Inertia selling—protection for the consumer

BY JUSTINIAN

THE parliamentary campaign against inertia selling (the uninvited despatch of goods in the hope that the recipients will be persuaded to buy) came to fruition last Thursday with the coming into force of the Unsolicited Goods and Services Act, 1971. There have been signs that the publicity given to the campaign has already decreased. The Act will set the scene for another move in the field of consumer protection.

The essence of the law's attempt to outlaw inertia selling is that the recipient of unsolicited goods may, under certain circumstances, retain the goods as an "unconditional gift."

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INSURANCE AND THE EEC

FINANCIAL TIMES SURVEY

Need for Britain's voice to be heard

By DRYDEN GILLING-SMITH

How will membership of the EEC affect the British insurance industry? Will it provide new market opportunities or will the main effects be to bring more competition into the U.K. from European insurers and to cripple British insurance companies by imposing on them the burden of French or German style State regulation? Faced with these new problems, would British insurance companies still have the strength to go on contributing to the European external balance of payments as much as they have contributed to the British balance of payments in recent years? Some 60 per cent. of U.K. insurance premium income is exported, most of it to non-EEC areas.

Assessments of the effects on Britain of joining the EEC have so far tended to be conducted at macro level rather than on an industry-by-industry basis. And yet for most of us the practical consequences of being in the EEC will largely turn on whether we happen to work in an industry that is going to gain from the removal of internal tariffs in the Community or whether we work in an industry that is heading for a rough ride. This is the area where the hard work has now got to be done and some overall balance-sheet drawn up. The purpose of this survey is to lay the foundations for such an assessment for the British insurance industry by pulling together the various strands that have been receiving close attention by specialist representatives from British insurance for some years now: plans for standardised regulations of both life and non-life insurance throughout the Community; the contrast between tariffs generally will not

Two aspects

Two aspects interest us: if we own insurance shares will they move ahead of the market, or fall behind; will the EEC mean a rise in Parisian prices for our motor insurance and the ending of tax relief on our life assurance premiums, leaving us instead to fork out for a value added tax or something equivalent? Also, we are all of us going to foot the bill in the form of higher prices if the price of commercial insurance increases and manufacturing industry consequently has to carry heavier insurance overheads.

And for the vast numbers of people whose sole means of investing on the stock exchange or in property is their endowment or unit-linked policy it would be catastrophic if the French-style control of insurance company investment were to be introduced over here. In assessing the implications of membership of the EEC the first factor to get in perspective is that, unlike manufacturing industry, insurance is not affected by tariffs or equivalent discriminatory taxation. The removal of tariffs generally will not

therefore affect the competitive position of British insurance in to operate there in a big way.

Effectively the barrier to an to justify operating in the EEC insurance company's ability to countries in a big way by export is the insurance legislation of the country in which it wishes to sell its products. In the past it has been relatively easy for British insurers to operate in most Commonwealth and ex-Commonwealth countries and in the U.S. because these countries had inherited British legal traditions and generally per cent. of the total.

Immediately more important is the question of control legislation. This also reflects cultural differences. The French, Germans and Italians all went involved in the minutiae of insurance policy term and conditions, and to control insurance

wait until well into the '80s not only on their commercial before we can expect anything legislation but also on the attitudes of businessmen towards like U.K. levels of market penetration. And the U.K. itself falls well behind the U.S., Canada and Australia in its per capita expenditure on insurance.

How far is this gap between U.K. and EEC expenditure on life insurance based on different life styles and how far does it result from the stifling effect of EEC-type legislative controls? The French are more prone perhaps to adopt a fatalistic rather than a preventative attitude to risk and a substantial proportion of Italians still rely for much of their protection against the hazards of life on their large conglomerate families. Increasing industrialisation will no doubt help to modify traditional attitudes, but this will take time.

Immediately more important is the question of control legislation. This also reflects cultural differences. The French, Germans and Italians all went involved in the minutiae of insurance policy term and conditions, and to control insurance

market. The current intention of the EEC countries is to harmonise their control legislation so that there will be one set of rules throughout the Community. This would be to our advantage even if we were not to join because British insurers exporting to Europe would only have to grapple with one set of controls and not six. If we do join, however, we should have to accept this common control system in the U.K. too and the fear is that if the German, French and Italian influences operate to push the central system into the mould with which they are familiar the result could be disastrous for the domestic U.K. insurance market.

If we can achieve this result the British insurance industry can look forward to a net gain as a result of going into EEC. With our traditional skills in investment and underwriting know-how, a reputation for honesty and fair dealing which makes it possible to conduct transactions much more speedily than would otherwise be possible, and the professional approach to marketing that we are now beginning to learn, British insurance can look forward to improved profit and growth rates in the seventies as a result of being able to operate in the cause of an industry which is capable of making a substantial contribution to the overall EEC balance of payments with the dollar area and French or German type control system, the consequences do not bear thinking about.

Net gain

It is vital therefore for the future of British insurance that we should have liberal community insurance rules. Once we have joined we shall have a voice in determining these rules but it will be only a voice and we may have to exert considerable political pressure if we are to get our way. If the French can successfully apply such pressures in order to prop up an antiquated agricultural industry that is no use to anyone outside France we are surely justified in making a much bigger issue in the cause of an industry which is capable of making a substantial contribution to the overall EEC balance of payments with the dollar area and French or German type control system, the consequences do not bear thinking about.

Regulations in state of flux

By T. H. M. OPPE*

No Community rules have either directly or through implication been promulgated within intermediaries without the necessary rules might be introduced member state in which the her states of the Common Market, apart from the Netherlands, have usually meant setting up a branch office and the most rigorous system of reinsurance business, the country of operation. Clearly it could be claimed the result if the EEC felt it necessary to complete quickly over the business of reinsurance, particularly long-term, and indeed this could be supplementary supervision by lands, than in the U.K., particularly for long-term business. It is common for rates of premium and for the bases of calculating the technical reserves covering the insurance liabilities to be fixed by the control authorities. The choice of investments, the maximum or minimum percentages permitted for British companies, since

the Treaty of Rome, thus implying the establishment of a branch office in each country of operation. Even this concerned has fallen seriously behind schedule. However, for would represent a step forward for British companies, since a licence to do business in for different types of investment is likely to be a considerable another member state, as is the case, for example, in France. It assets shown in the balance sheet are also the subject of implementation of freedom of services which will involve, inter alia, prior harmonisation of legal provisions affecting insurance contracts and the rights of policyholders on the winding-up of an insurance fund.

In the short-term, then, the system is likely to be one of overall supervision by the

Continued on next page

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 Les Provinces Réunies (Belgium).



INSURANCE AND THE EEC II

A stronger link with Europe

By a Correspondent

The London insurance market and the Continental markets have been linked closely for more than a century. The invisible bridges connecting the London market—being the most important centre of direct insurance and reinsurance in Europe—with the EEC countries have not been affected by the foundation of the EEC or of EFTA.

Nevertheless, the mode and extent of co-operation and competition between the present EEC countries and the London market will be increased and changed when Britain enters the Common Market.

This can be illustrated initially by quoting a few figures. In 1969, insurers in the six Common Market countries had a total premium income of approximately £6,000m. from life and non-life business. By comparison, the premium income of British insurers resulting from home and overseas business amounted to some £4,000m. in the same year. There is hardly any other branch of industry in the entire Community which will expand as much as the insurance market once the U.K. has become a member.

Invisible capital

Naturally, one must also consider the invisible capital of the British insurance industry, represented by centuries of know-how and a stable economic basis provided by world-wide insurance interests.

In this age of rapid technological advancement entailing a continuous increase in the magnitude of individual risks—such as industrial plants, aeroplanes or new and larger ships—the creation of this huge European market, enjoying premium income of more than £10,000m. a year, provides the very large underwriting capacity needed most urgently by a number of our customers.

Moreover, insurers on both sides of the Channel have many important problems in common. Unstable economic developments and inflationary trends compel insurers to apply new technical methods for fixing appropriate tariffs corresponding to the increase in claims costs. Similarly, technological developments force insurers to refine their methods of calculation and their reserves policy. But above all, insurers are obliged to spread really large risks on an international basis, offering interests to as many direct insurers and reinsurers as practicable. It is in these respects that more direct and intensive co-operation of the London market with the Continent will be most advantageous for both sides.

The basic requirements of the domestic and foreign insurers ensuring that in all member countries the formation of technical reserves and the investment of the corresponding funds are equal and are effected on a common basis, so that it will not be necessary to require localisation in the individual nations in this respect, either.

Before it was possible to grant this legal entitlement to foreign insurers as well as to domestic companies without imposing special requirements such as securities or monetary deposits, the foremost prerequisite was to assimilate the legal conditions applying to insurers' capital in the member countries to a uniform denominator.

Accordingly, the establishment directive applying to all insurance companies in the Common Market countries requires these companies to have the same minimum capital. The directive—the individual details of which are somewhat complicated—rules that insurers must have solvency capital amounting to 17 per cent of their total premium income or 24 per cent of their average claims volume.

If future, it will be sufficient for insurance companies to provide evidence of adequate capital in their country of origin, thus enabling them to operate in each member country without providing securities or monetary deposits. All they will need is a general deputy, who may also be an agent.

Basically the same solution is also being prepared for the technical reserves. It will be attempted to find certain rules

The Financial Times Monday August 16 1971

of whether freedom of services etc does by no means make should be provided by the Community impenetrable existing markets open to the outside, as this can domestic and foreign companies kept flexible and applicable on the same conditions, or to even the most different legal whether a uniform European and political systems. market should be created by German insurers will be very rigorous and comprehensive glad to welcome their old partners and friends from the aimed at establishing an all-City as new members of the European control system—has Common Market. As this Euro-not been made yet. As German pearl family grows larger, the insurers see it, it would already number of things we all have be possible to day to open up in common—and obviously also the markets of all member those we do not have in common—will naturally increase. But the first and foremost factor is that our family market abroad. Coexistence of will become larger and more the control systems and equal treatment of residents and foreigners could be provided the difficult political power. British assistance and the British sense of reality will most certainly support and promote the solution of co-existence and equal possibilities for all.

A solution based on the principle of equal treatment of domestic and foreign insurers in developing the European insurance market. We are sure and of mutuality also makes it that this contribution from the United Kingdom will soon lead to a pragmatic and satisfactory solution of freedom, security and equality. The concept of co-existence and equal possibilities for all.

Regulations — (Cont'd.)

Continued from previous page

These basic differences lead naturally to a difference in philosophy as regards the valuation of insurance assets and liabilities in the Common Market and consequently on the pattern of the business transacted.

Therefore differences of opinion must arise as to what extent common regulations can be reached, at least in the near future, bearing in mind the development of capital markets and ultimately the liberalisation of insurance services in the Community as a whole.

In this connection, it is perhaps fortunate that there has been so little progress with the drafting of directives relating to long-term business because the British market will have already done much to put over in discussions within the OECD and the Committee of European Insurers.

One encouraging feature is which is likely to happen as soon as Parliament has approved in principle the British application to join.

Certainly there is every reason to believe that British insurance, by virtue of its long establishment and reputation throughout the world, holds the respect of the Common Market countries, although, perhaps, the thought of competing in the future on equal terms with a market which is very nearly as big as the markets in all the other member States combined will produce some understandable fears of competition.

The proportion of business present transacted within the EEC countries by U.K. insurers is relatively very small. About 50 British companies and Lloyd's account for roughly 5 per cent of the non-life premium income within the EEC. Only three U.K. companies transact life insurance business in EEC countries, accounting for an insignificant proportion of business. Thus, although there is scope for future expansion in Europe, this will depend first on how much liberalisation of the present restrictions which discourage or even prevent British insurers from doing business on the Continent is achieved and, second, on the encouragement given to long-term savings by monetary and fiscal policies.

Given a reasonable amount of freedom non-life insurers should benefit from U.K. entry to the Community so long as their other overseas business is not adversely affected. By entering Europe, they could certainly contribute to the development of a flexible, competitive insurance market in Europe, which would confer undoubtedly benefits on its inhabitants and on the insurers of member countries by increasing the capacity of the market in these days of large industrial risks. Life insurance companies, in particular, could, by encouraging the expansion of savings, contribute to the development of a stable capital market in Europe and thus to the economic strength and stability of the Community. However, liberalisation of insurance has proved to present one of the more difficult problems in the Common Market, and one cannot be too optimistic leading and profitable part in will be made for very many years.

Profitable life market ready to be tapped

By a Correspondent

STRUCTURE OF ASSURANCE BENEFITS IN 1960 AND IN 1968

Country	Death benefits		Endowment benefits		Surrenders		Profits participation	
	1960	1968	1960	1968	1960	1968	1960	1968
Germany	34.7	24.9	35.3	39.8	11.3	11.3	18.7	24.0
Great Britain	24.6	21.6	57.7	58.4	14.7	17.2	3.0	2.8
France	32.3	42.5	40.1	22.0	9.3	9.0	18.3	26.5
Netherlands	16.2	12.2	66.6	57.6	17.2	30.2	—	—

Source: Sigma No. 11

earlier this year. He estimated that life assurance and annuity premium income in the five main EEC countries totalled some £1,800m. in 1968 compared with some £1,290m. for business in the U.K. in the same year. The considerable difference in population—that is, some 187m. compared with 56m., seems to indicate that there are ample opportunities for U.K. life insurance companies on the Continent who for too long have been held back in the development of their business by controls which are either out-dated or over-elaborate, or both. They should certainly not enter the Community with the attitude that they must simply do what they are told. On the contrary, they have the responsibility of making their voices heard in an uncertain manner and backing this up with sound technical arguments.

More difficult

Their task will perhaps be made that much more difficult following the highly publicised failure of a number of motor insurance companies in the U.K. and the calls for a higher degree of control of the life insurance business itself which have been heard with increasing frequency in the U.K. in recent months. Nevertheless, it should be possible for the life insurance industry in the enlarged European Community to obtain, and rightly so, a degree of freedom which corresponds more nearly with that at present obtaining in the U.K. than the situation which is found in some countries on the Continent where companies are denied full commercial freedom to an unnecessary degree which can only be to the detriment of the policyholders.

Assuming that these matters can be resolved satisfactorily and there is every chance that they will be—British life insurance companies will have the opportunity to secure profitable growth in a relatively stable economic and political environment which can only be for the good of themselves and their policyholders. In seeking to exploit these wider opportunities they will face formidable opposition from companies at present established within the EEC. However, the relative freedom to which they have been accustomed, their experience in developing new types of contracts, such as equity-linked contracts, and their considerable experience of overseas operations will stand them in good stead and enable them to apply the lessons learned to a completely new set of circumstances. Of particular help to them will be their flexibility, their speed of reaction, which is now so much faster than in the

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INSURANCE AND THE EEC III

Benefits of entry for the British broker

By JOHN DEWEY

British brokers have been concerned for at least ten years with the effect on British brokerage of our possible entry into the EEC.

As the representative of the Corporation of Insurance Brokers at all international conferences on the subject during the whole of that period it may be thought that I could provide a reasonable answer to the question as to whether we should go into the Common Market. We all appear to be looking into this subject from very personal point of view. Only those who have taken a wide perspective over the whole of our economy, as has been done in the recent White Paper, can express a balanced opinion, but so far as insurance in general is concerned, and brokerage in particular, there seems no doubt that it would be Britain's interest to enter the common Market.

The situation so far as intermediaries are concerned differs widely in Continental countries from that applicable in Britain. During the nineteenth century insurance companies gradually moved over from the policy of appointing general agents throughout the large towns from suitable commercial or industrial firms without special established knowledge of insurance. The present basis of branches serving business either direct through agents. In this century the position of brokers has become increasingly important European Parliament and Council they now control a high

proportion of commercial and industrial accounts, not only in the non-life field, but also in life and pensions business.

On the other hand, on the Continent the main field is still held by general agents holding mandates from the companies whom they represent. They are not employees of those companies but are British branch managers and their staffs, and it is difficult therefore to assimilate British practice with Continental usage.

There has been a strong indication of recent years that the general agents on the Continent are becoming increasingly dissatisfied with the treatment they are receiving from their mandating insurance companies, and there is a strong trend towards their replacement in some countries by branches, the old general agents often becoming brokers. In the future, therefore, it may well be that Continental practice may approach that obtaining in this country.

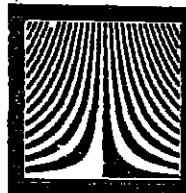
Power of veto

The Treaty of Rome which set up the Common Market provided for the Control Commission in Brussels to issue directives dealing with various essential matters affecting freedom of establishment and services throughout the Six. These directives are then passed to the Economic and Social Committee of the EEC for further discussion and thence to the European Parliament and Coun-

cil of Ministers where each member country has in effect a power of veto.

So far as affecting insurance intermediaries, only one such directive has been issued: that affecting freedom of establishment—that is, the suggested rules governing insurance intermediaries in one country who wish to establish an office in another member country. Many points are involved, particularly harmonisation of minimum technical qualifications and financial standing, and brokers in this country can be assured that these requirements will not be more rigorous than the insurance diplomas issued by our Chartered Insurance Institute (the body holding the Royal Charter for instruction and examination for the whole of our insurance industry) or the requirements, for example, of the Corporation of Insurance Brokers, with regard to proof of financial standing. On the Continent, however, education and control of insurance intermediaries in this way have not advanced so far, and much work remains to be done in this harmonisation if one is to avoid unfair competition between one country and another.

Quite a separate matter is what is known as "Insurance by correspondence" and even more work has to be done in this field before any draft directive can be issued from Brussels with a hope of general acceptance. In some countries, for example, quite a separate matter is what is known as "Insurance by correspondence" and even more work has to be done in this field before any draft directive can be issued from Brussels with a hope of general acceptance. In some countries, for example, Market.



The Technical Page

EDITED BY ARTHUR BENNETT AND TED SCHOETERS

• INSTRUMENTS

Thickness measured

AN IMPROVED system of measuring the thickness of a plastic film has been devised by a team at Cambridge Consultants. The company considers the resulting instrument to be one of its more significant products, since about 1m tons of film are made in Britain annually at the moment and the material is used in practically every industry in the country.

It is important for a manufacturer to be able to monitor the thickness of his film product as it is being made—the thinner the film, the more difficult the task of measurement and the more important that it should be carried out correctly.

The method devised by Cambridge Consultants is to project infrared radiation of two wavelengths through the material. The filters are chosen to suit the film in production, one for maximum absorption and one for minimum transmission. Filters are used to select the wavelengths required from a parallel infrared beam; after passing through the material, the two wavelengths are picked up by a solid-state detector and electronically pro-

cessed to give a measure of film thickness.

Up to six infra-red filters can be held by the source so that the thickness of the laminates in a composite film can be determined simultaneously.

The gauge can have a response time as short as 10 milliseconds if accuracy is not the prime consideration. Most of the companies who have seen and discussed the prototype are, however, interested in equipment with a slower response but accuracies of the order of one or two per cent. Typical times would be under a second.

Films from 2 microns to 3 mm in thickness can be handled by the instrument which is a small, robust, non-contacting design. It is particularly suitable for installation as part of an on-line control system.

For the time being Cambridge Consultants is making the equipment itself and may contract out the manufacture of the assemblies, reserving the final accurate construction for itself. This is a new departure for the company which is primarily a contract research and development organisation.

for quarter, half and full bridge energisation. It also incorporates a fully temperature-compensated integrated circuit d.c. amplifier with switched gains up to 33,000, which provides 100 microstrain F.S.D. on the most-sensitive range with five microstrain, or 2 per cent, of F.S.D. accuracy (whichever is greater).

Output appears on a meter or can be fed to an oscilloscope. The unit has a flat frequency response from d.c. to 1kHz and is internally calibrated.

It is available with any of three alternative power supplies: dry batteries, rechargeable cells with built-in charging circuit, or mains supply. The low bridge energisation of 4V allows the unit to be used with most wire or foil gauges, and includes a calibrated gauge factor control from 1.85-2.15.

A 25-channel switch and balance unit, type E.18, is also available to work with the meter.

Checks on the heart from afar

THERE can be little doubt that an athlete forcing the pace during a gruelling race or in an attempt at some major record is putting his heart and circulation under very great strains. Just how great these are has so far been somewhat difficult to measure because of the fact that the individual was particularly mobile at the moment when the strains were being undergone.

The equipment shown here has been devised by the Siemens organisation, D-8000 Munich 1, Postfach 103, West Germany, to

bridge this gap.

In the application illustrated, the subject is carrying out training for one of the most exacting events, the 10,000 metres in which the men race against the clock and tax their reserves to the utmost. The equipment at the edge of the track has been

• METALWORKING

Marking metals

SEMI-AUTOMATIC marking machine specially suitable for small to medium batch production runs of items like small tools, instruments, electrical and

semiconductors, have been introduced by Lectrotech (Great Britain).

Known as the model 3600, the machine can produce up to 2,000 permanent marks per hour on conductive metal surfaces.

It can produce consistent and accurate black or bright etch marks for such purposes as batch numbers, part numbers, manufacturers' names or trade marks.

Costs can be as low as 4p per

thousand marks, according to the company. The unit is electronically controlled, while the ram is pneumatically actuated by means of a foot switch.

Incorporating a timer by which the intensity and depth of marks can be controlled, the machine requires an air line of 20-25 psi. Marking heads and stencils are rapidly interchangeable and the height of head are adjustable so that components up to 5 inches high can be accommodated.

The model 3600 costs £210. Lectrotech is at Spur Road, North Feltham Trading Estate, Feltham, Middlesex.

Costs saved on vehicle assembly

CAR makers, committed to a market that is becoming increasingly competitive, are looking for ways of reducing both labour content and the number of operations needed for a particular assembly.

One simple example of the way in which costs can be reduced in this area is given by Jaguar, which has recently gone over to brazing to an adhesive method of assembling its seat reclining levers on the V12 E Type.

Previously, the company brazed two levers into a central rotating boss, which meant that subsequently, the assembled part had to be polished before plating. On a part such as this, the labour cost involved in the brazing would also be substantial.

Recently, Jaguar has adopted another solution, based on an adhesive supplied by the Douglas Kane Group of Welwyn Garden City, Hertfordshire.

Using a product known as Tubeweld, it was possible to attach the two arms of the mechanism to the central boss more quickly than by brazing.

However, the work done on this particular application has more than ensured that the antennae do not interfere with what it comes to observing the what he has to do.

Standard work pieces are mounted in the lathe, and a standard tool is used to make a cut of steadily increasing depth.

The depth of cut produced by this cutter (that is the maximum satisfactory cutting limit) is noted, and the results compared with those obtained from similar lathes under test.

A report describing the test procedure, the precautions to be taken, and how to determine the significance of the results obtained, is available from MTIRA at £12. The tests are known as dynamic performance tests.

It is relatively easy to measure the geometrical accuracy with which machine tools are made and operate, and most machine tools are tested in this way. But it is not so easy to measure in a meaningful way the dynamic performance of a machine tool—the rate at which it can remove metal from a workpiece while still producing an acceptable surface finish.

A limitation on metal removal rate is a violent vibration, known as chatter, which increases tool wear and power consumption, results in poor surface finish and limits production rates. The MTIRA work has produced a method by which liability of chatter can be accurately measured and comparisons made between similar machines.

• TRANSPORT

Distribution as an art

NO MATTER what the product, management is faced with increasing distribution costs, partly a natural function of higher wages and, if the company is expanding, of longer delivery lines.

Consultants and companies have tackled this mainly by man-power planning, optimising vehicle routes, and these have been, in the main, company considering a reorgani-

only partially successful. The reason for this could well be that few companies look at distribution as a whole, and so the improvement in one area is negligible in the context of the whole operation.

Now, the Management Studies Centre, in conjunction with Scicon, is organising a two-day conference on Distribution Management on September 1-2. This will deal with all aspects of the problem from the overall philosophy of a distribution system to such details as man-power planning.

From the viewpoint of the company considering a reorgani-

• COMPUTERS

Software association expands

ORGANISATIONS not eligible for membership of the Software Houses Association, but which have significant experience of computing and wish to contribute to the association's work may now become associates, it has been decided.

"There are many organisations which could benefit from being kept up-to-date with the significant progress we are making in the development of software as an independent product," Mr. A. R. K. Hardcastle chairman of SHA, has stated.

The new associates include, for example, certain management consultants, computer hardware and peripheral manufacturers, bureaux, research bodies, users who have large software capabilities, and overseas software houses.

A number had already asked if there was any way in which they could be associated with the work of SHA, without becoming members.

Software houses in the U.K. who may not yet be considered eligible for membership of SHA may be granted associate status and would then have the right to have their application for membership reviewed at annual intervals.

All associates will have the right to attend general meetings of the association and participate in the proceedings; nominate representatives who can be asked to sit on technical and specialist committees established by the association; make representations to council on matters of interest and importance to the association and the industry generally; and elect a committee of associates who may appoint one to attend a council meeting when matters affecting associates are under review.

Designed to measure static and dynamic displacement, proximity and speed in a wide variety of industrial and research applications, the T2 "mini" transducer can measure displacement up to 0.4 mm.

The displacement can be measured of all metallic materials, with the exception of a few special non-magnetic alloys with low conductivity. However, in such cases a 0.010 thick wafer of soft iron or mild steel applied to the surface will enable the displacement to be measured. The operational temperature range is -10 degrees C to +100 degrees C.

The vessel in this case is a structure which simulates all the main units of a sea-going unit,

designed so that fire-fighting

is easy access to every

section. It resembles the mid-

portion of a dry cargo ship in

Hampshire and Glasgow.

Understood to be worth in the

region of £200,000, the contract is

scheduled to be carried around

the middle of next year.

The project will be carried out

mainly of reinforced concrete, by H and G's special contracts

division.

• CONSTRUCTION

Topping out a ship

BECAUSE firemen in services

which cover coastal waters may,

from time to time, be called on

to cope with blazes on board

ships, their own particular tech-

nical college at Moreton in

Marsh, Gloucestershire, has itself just

topped out a "ship."

The vessel in this case is a

structure which simulates all the

main units of a sea-going unit,

designed so that fire-fight-

ing is easy access to every

section. It resembles the mid-

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mainly of reinforced concrete, by H and G's special contracts

division.

● Contracting activities continued at the same

high level as last year. The £3,000,000 Drax

Power Station contract is proceeding satis-

factorily as are the other large contracts.

Substantial contracts obtained since last year's report include a £2,000,000 cabling contract for Hartlepool's Nuclear Power Station and a £450,000 project for a hospital in Fiji.

● The Israel Group with its subsidiaries in Ashdod and Iran is continuing with a high rate of order intake and production and anticipates another successful year.

● The Northern Trust's bankers in London fulfill a tradition of providing individ-

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Building and Civil Engineering

£6m. hospital first stage awarded to Laing

FIRST stage of a £15m. hospital complex in Freeman Road, Newcastle, is to be undertaken by brickwork. The main ward block will contain beds for such cases as general surgery, geriatric medicine, urology, general medicine, orthopaedic surgery and children. It will also contain facilities for administration and records, medical photography and a geriatric day unit.

The first stage comprises a 7-storey ward block to provide space for 576 beds, a podium block with operating suites, X-ray and outpatient departments and a 3-storey cardiothoracic block containing wards, X-ray and operating theatres; plus boilerhouse, ancillary blocks, works areas, car parking and drainage.

Design of the 35-acre scheme is by L. K. Pollister, architect to Newcastle Regional Hospital Board. The structural consulting engineers are Ove Arup and Partners, and landscape architects are Hackett and Robson.

Construction will generally be of reinforced concrete frame with precast columns and insitu

Holobit floors, while cladding will be of traditional facing brickwork. The main ward block will include a gymnasium and hydrotherapy pool. Nine operating theatres will be in this block as well as X-ray units, pharmacy, pathology, medical records, intensive therapy unit, outpatients' day ward, haemodialysis unit, urology research department and anaesthetic department.

Also in the block will be an inter-denominational chapel to seat 100. A feature will be a hospital teaching centre designed to serve 1,310 nursing staff and 180 medical staff.

The podium block will be the centre of diagnostic and treatment facilities which will form the main centre for the import and distribution of supplies to the whole hospital. There will be a staff restaurant to seat 330, and a kitchen capable of producing 2,000 meals for patients and staff.

Outpatients' department will be sited in the podium block and it will have a physical medicine unit including a gymnasium and hydrotherapy pool. Nine operating theatres will be in this block as well as X-ray units, pharmacy, pathology, medical records, intensive therapy unit, outpatients' day ward, haemodialysis unit, urology research department and anaesthetic department.

This is one of the most ambitious projects ever undertaken by Newcastle Regional Hospital Board and the first phase alone is expected to cost about £8m. to build and equip.

In addition to all the standard hospital departments, the Freeman Road complex will also offer a number of specialist services including a sophisticated heart and lung unit expected to attract world-wide attention.

The wards have been designed for the greatest flexibility in use. Each floor will have four wards of 30 beds each, but the wards will be left open-ended so that beds can be removed or added to an adjoining ward according to need.

Covered-in berths

CONSTRUCTION of two covered shipbuilding berths at the Woolston Shipyard of Vosper Thornycroft is to be completed by autumn 1972. The berths will be 450 feet long, and consist of steel framed buildings on piled foundations, about a third of which will be below high water mark, complicating the piling schedule. The buildings will be sheet metal clad.

George Wimpey and Co. has been awarded the £500,000 contract, which includes the design, fabrication and erection of steel-work (to be carried out by Conder under sub-contract). J. H. Carruthers and Co. is supplying two 40-ton and two 5-ton cranes.

Panama fishing port study

FEASIBILITY studies for a fishing port in Panama, Central America, are to be carried out by a British firm of consulting engineers, Livesey Henderson and Partners, in conjunction with a local firm called Abad y Asociados.

The study will include a recommendation on the location, as well as preparation of development plans and financial estimates of both development and future operations, in addition to an analysis of the economic benefits.

Other British concerns involved include YARD, the

Sussex sewage scheme

ADMIRALTY Research Department: Maxwell Stamp Associates, economists; Wallingford Hydraulics Research Station; and Cooper Bros., accountants.

The 18-month study is being carried out under the auspices of the Food and Agricultural Organisation and the International Bank for Reconstruction and Development.

The eventual development value of the project is reckoned to be in the region of \$3m.-\$5m.

£1m. City offices for store group

OFFICES for International Stores are to be built at Mitre Square, London, EC3, under a £1m. order placed with Trollope and Colls.

Work is to be carried out in two phases with overall completion scheduled for 1974. The site is within the City's Roman Wall and is adjacent to the client's present offices—part of which are to be demolished during the contract.

The building, designed by Joseph and F. Milton Cashmore and Partners, will consist of a 5-storey block with two 3-storey flanking wings and a basement to include car parking.

A modern computer hall and staff dining facilities together with all services are to be provided. The structural frame is of reinforced concrete and the brick fabric is clad with reconstructed stone.

Bridges in Wales

THREE river bridges, with a combined value of around £200,000, are to be built in Wales by Holland and Hanen & Cubitts (Civil Engineering).

The largest of the three is a bridge over the River Dwy near Machynlleth, for Montgomeryshire County Council, to replace a temporary steel structure erected when the original bridge was swept away during floods. The new bridge will be of pre-cast concrete deck construction with two insitu abutments and a central pier in the river.

An £80,000 steel deck bridge will replace an existing structure at Pont Einon near Tregaron for Cardiganshire County Council, and a £38,000 bridge widening scheme is being carried out at Aberaeron, Cardiganshire, for the Welsh Office.

The new bridge, which will carry the A487 Bangor to Fishguard trunk road over the River Aeron will be widened, together with its approaches, and the entire section will be resurfaced. All three bridges should be completed within a year. Consulting engineers are Wallace Evans and Partners.

County hall extension contract

NORTH RIDING County Council has awarded a £282,000 order to Walter Thompson (Contractors) for extensions to the County Hall at Northallerton.

The scheme comprises a 3-storey block for the Highways Department, together with a single-storey computer block, 3-storey link building and car park extensions. Completion is programmed for May, 1973.

Thompson was main contractor for the previous County Hall extensions, completed in 1967, and is also engaged on school contracts at Northallerton, Bedale and Stokesley, totalling £565,000 for the North Riding County Council.

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Costain to extend airport and build a brewery

GLASGOW Corporation has awarded Costain Civil Engineers a £1.5m. contract to extend the main runway at Glasgow Airport and the company has also been awarded a £200,000 contract to build a brewery in the Seychelles Islands.

The Scottish job calls for a 1,400-foot extension and the overslabbing of the existing runway by the addition of 4 inches of asphalt.

Much of the work will have to be carried out at night in order to minimise disruption to airport traffic, but despite the restrictions the contract is scheduled to be largely finished by next June.

The brewery project calls for a single-storey steel framed building with special cladding, to include cold rooms, bottling stores and the complex brewery plant.

To be located on Mahe, the main island in the Seychelles, the scheme was awarded by Seychelles Brewery—a company whose principal shareholders are Haase Brauerei, of Hamburg, Guinness (Overseas), East African Breweries and Allied Malts.

The brewing plant will be installed by specialist subcontractors working under the supervision of Haase Brauerei. Work is about to begin for completion early next year.

Newcastle Polytechnic enlarged

WORK worth more than £750,000 has been won by the Bowey Group, of Gosforth, Newcastle-upon-Tyne.

Ralph Bowey and Son, the group's building company, has been awarded a £404,000 contract by Newcastle City Council for a teaching block at Newcastle Polytechnic. Work should start in the next few weeks and is scheduled for completion by May, 1973.

The block will form the second stage of the Polytechnic's Northumberland building, which was built in 1967. This extension will be a five-storey L-shaped block linking up with the existing building. It will provide both general and specialist teaching rooms for construction and industrial administration. There will also be lecture rooms, staff workrooms, communal rooms and toilet facilities.

William T. Wallace and Son, Bowey's civil engineering subsidiary, has won a £116,000 roads and sewers contract for work at Washington, County Durham, new town. It is also to construct and McDonald.

MERTHYR Tydfil County Council has placed a £3.7m. order with Norwest Construction (Civil Engineering) for the construction of a trunk sewer.

The contract involves the laying of about 11,000 metres of trunk sewers—mainly 1,200mm to 1,850mm diameter—together with branch sewers, storm overflows, manholes and retaining walls, from Troed-Y-Rhiw to Cilfynydd.

Also included are three triple pipe inverted siphons under and five pipe crossings over the Taff river.

It is proposed to sub-contract to Mitchell Brothers Sons and Co. the tunnel portion of the contract, on which it is anticipated that compressed air working will be required according to Norwest. Work has now started on the 30-month contract, for which the consulting engineers are Sir Herbert Humphries and McDonald.

The T forms are manufactured to a basic length of 750 mm by GKN Floors, St. Ives House, Maldenhead, Berks, SL6 1QZ. The forms are open-ended, and can be overlapped to fit most spans. They are available in four depths to provide trough voids 175, 250, 325 and 400 mm deep. A minimum concrete piping of 50 mm may be used.

The T forms can be erected on a skeletal support system, eliminating the use of a full deck, and can be removed 2/3 days after pouring, leaving the floor propped until the concrete is fully cured. The forms store easily, and, the maker states, have a good re-use life.

Wrong!

It seems that some people have got the wrong image of us.

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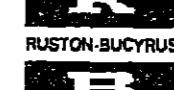
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enough about. We're putting that right here and elsewhere.

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is changing

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SOCIETY TO-DAY

What we can learn from the future

BY JOE ROGALY

CONTINUED from page 1
CONTEMPLATION of the future has become a nearly immediately useful. It serves as evidence that although acknowledged even by industry, number of organisations whose primary purpose is futures research, has spent its own search is small, the approach 1965-69, and the many mistakes made by the like—have thus spawned what are said to large number of people in the industry supports four full-time government departments. The most recent attempt at a serious use of the best-known tools of planning currently available, the Roskill Commission's work on a new London airport, proved fruitless because its conclusions were politically unacceptable.

Finely spun

It may be deduced from all this that futures research is simply a waste of time. Its proponents would reply with at least two good reasons why it is not. The first is that some forecasts have in fact come true; the second that the overriding purpose of this kind of study is no so much to make predictions as to argue out the probable consequences of one present set of policies as against another. If these defences seem to contradict one another, then the explanation is that a good deal depends upon what it is you want to know about the future. Predictions about scientific developments are easier to make and more convincing than finely-spun tales about where civilisation will end unless young men have their hair cut.

Unfortunately, long-range analysis is not easy to "sell". Few people, apart from the institutions engaged in research of one kind or another, have their hair cut.

On the convincing end of the spectrum, one of the most daring public prophecies made



Lord Rothschild: insists on a demonstration of the likely usefulness of a particular line of inquiry before allowing anyone to proceed with it

available, but the degree of risk involved in the prediction should not be underestimated

simply because it did after all come off.

Other scientific forecasting has also proved workable. For instance, something known as "scenarios," which are particularly associated in the public mind with war and peace games,

developed at the Rand Corporation during the 1950s, sets out to extract a consensus of expert opinion about the most likely developments, usually in technology or health, during a particular period of years. It is a complicated mechanism of questionnaires and weedings-out of responses. To-day's PEP report quotes figures that show the "success rate" of a 1965 Delphi study. Of 22 predictions that the participants made, 15 with a median projected date of achievement of 1970 had in fact been achieved by 1969; two had been partly realised by 1970, and five remained unproven.

This is not quite such a laughing matter as it may at first sight seem to be. The great merit of futures studies of this kind is that they may serve to focus our minds more successfully on the present. The result might be a better choice of policies than would have been made without the studies. Once again, there is a spectrum ranging from the most practical to the most imaginative.

Most people are by now quite willing to believe that science can achieve more or less anything provided that enough resources are devoted to the task, so this kind of prediction is more a matter of choosing future goals (do we want personality control drugs by 1983, as two Delphi studies say we will get?) and working backwards rather than attempting to see where a present course will land us in the end. But it is precisely this second kind of "where are we going?" forecasting that most people associate with futures studies: it is this, the less convincing end of the spectrum, that most attention is drawn.

Scenarios

It is at this end that we find Mr. Herman Kahn and his "scenarios," which are particularly associated in the public mind with war and peace games.

Convincing or not, they have these figures must be known: if This is the contemplation of tomorrow's dependents are to the nature of mankind itself. In can strategic thinking for a de-bated, and kept alive on the one sense it is an immediate development, usually in technology or health, during a particular period of years. It is a complicated mechanism of questionnaires and weedings-out of responses. To-day's PEP report quotes figures that show the "success rate" of a 1965 Delphi study. Of 22 predictions that the participants made, 15 with a median projected date of achievement of 1970 had in fact been achieved by 1969; two had been partly realised by 1970, and five remained unproven.

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At the practical end the art of demography, embarrassed as it is by the constant and stubborn refusal of populations to increase at the rates foretold, is nevertheless an indispensable guide to present policies. It is not so much a matter of how many people there will be in Britain in 30 years' time, or even of their colour; it is the part of planned obsolescence of the economy without the aid of the wonders of the 20th century upon the nature and particularly the psychological make-up of homo sapiens in the century ahead. These are not mythical future beings I am talking about, but our own children. Until the philosophers provide us with working answers, there is no case for deriding those lesser students who are trying to find something solid in all this confusion—something we can grasp at.

Again, there is very little knowledge, and very much speculation, about the effects of increasing longevity, greater leisure, widespread birth control, the near-banishment of infectious diseases, and other wonders of the 20th century upon the nature and particularly the psychological make-up of homo sapiens in the century ahead. These are not mythical future beings I am talking about, but our own children. Until the philosophers provide us with working answers, there is no case for deriding those lesser students who are trying to find something solid in all this confusion—something we can grasp at.

... and now the future. A PEP Survey of Futures Studies. Charles de Houghton, William Page and Guy Streetfield. £2.00.

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At this stage the subject is still reducible to hard arguments about quantities in particular circumstances: the economists, whose own record of forecasting is not unmarred, are at least necessary to the debate, as are other social scientists. But there is a speculative stage further, one that cannot be solved by any known arithmetic.

will contribute and a further £3.5m. aid each year given by the U.K. for economic development. In addition, other NATO countries are ready to negotiate the giving of a substantial sum of aid each year.

Britain's allies in NATO are prepared to contribute to aiding Malta in return for the use of military facilities by U.K. forces alone because they are concerned about keeping the Soviet Union out.

Yesterday, Mr. Edward Heath, the Prime Minister, called a meeting of Ministers at Chequers to consider Mr. Mintoff's response to the offer. Lord Carrington, the Defence Secretary, and Mr. John Gummer, Minister of State at the Foreign Office, took part in the talks.

Labour News

£9 offer for 'round clock' dock shifts

BY ALEX HENDRY, LABOUR REPORTER

ERPOOL dockers have been offered a £9-a-week increase on basic rates in a pay and productivity deal that would put the port to operate round the clock. About 10,000 would be affected by the deal which is being recommended by the executive of the Transport and General Workers' Union and their stewards. The T.G.W.U. will hold a mass meeting Saturday to vote on the deal. At present, they have a basic rate of £17 for a 40-hour week on three shifts—8 a.m. to 5 p.m., 5 p.m. to 11 p.m. and 11 p.m. to 6 a.m. Basic rates for overtime will be £26, £29 and £32.

Liverpool is the last major port to introduce the second phase of Devlin modernisation. The first stage ended casual employment in the ports. In London, the enclosed docks has a pay system of a high basic rate, £36 a week, two-shift working and no incentive schemes.

When it was introduced last September, there was an immediate fall in productivity—which is still below the level prior to the new deal—and the dockers' leaders have had their claim for an increase for the 10,500 members rejected by the management of working to the only a step.

Mr. Lew Lloyd, Liverpool and Birkenhead district docks secretary of the T.G.W.U., said yesterday: "It is only a step in the right direction. We feel that it gives exporters and importers a real opportunity to improve working at the docks and help the country."

He added: "We hope the men will accept. The stewards have been over the deal with all the men at their companies. They were given a half-day off to hear what was being offered."

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Their officers have instructed negotiators to seek an entente meeting with Mr. Jack Prosser, general secretary, to use the offer.

There are just over 500 officers in the union. They had asked for a new minimum rate of 40 a year—an increase of £700—for district officers, pro rata increases for other officers, plus regional secretaries on the same grade, have rejected it because, they say, the flat increase worsens their position in relation to other full-time officers of just under 1 per cent.

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COMPANY NEWS+COMMENT

Cawoods raises dividend by 2½%

HIGHLIGHTS

GROUP PRE-TAX profit of Cawoods Holdings expanded from £1,450,568 to £2,091,538 in the year to March 31, 1971, and the dividend is stepped up from 2½ to 2½ per cent with a final of 17½ per cent.

When reporting first-half profit up from £630,000 to £765,000, the directors said the year's figure should show a "satisfactory increase."

As to the current year they state that growth is planned in all divisions and profits so far are ahead of last year.

In past years record profits were earned by all divisions except Sewell Distribution where profits from oil were down due to effect of new oil company's supply contracts and increased road transport costs.

Statement Page 4
See Lex

£109,711,869.56
Trading profit 2,091,538
Depreciation 521,426 765,000
Profit before tax 2,612,964 1,326,538
Taxation 921,173 842,025
Net profit 1,691,791 484,513
Ordinary dividend 857,500 612,750
Preference 9,000 9,000
Dividends contributions 500,000
Fuel distribution 1,083 1,07
Asphalt, stone quarries, etc. 309 254
Sand and gravel, etc. 608 302
Refineries 76 11
Construction 102 48
Building, construction 102 48
Interest payable 145 193
including ready-mixed concrete and builders supplies + Loss.
Total 2,612,964 1,326,538

The report and accounts will be circulated on August 30 and the meeting will be held on September 24.

Econa to progress in plastics

SUBJECT TO conditions not deteriorating the directors of Econa expect group profit for the current year "at least equal to, if not better than, those of 1970," says chairman, Mr. H. R. Scott.

Improved results are expected from the plastics division which is now approaching profitability and should make a "significant impact" on group profits, whereas the services division may well show lower profits.

As reported on July 22 group pre-tax profit for the year to March 31, 1971, was £207,452 (£173,534) and the dividend 2½ (30) per cent. Turnover increased to £8,408,178 (£8,157,787).

Dividend cover increased from 1.45 to 1.88 excluding the surplus on the sale of land and building destroyed by fire, it is stated.

The full amount of the loss claim, applicable to the 12 months to April 22, 1971, has not yet been agreed but £50,000, believed to be a conservative estimate, has been included in the year's trading profit.

The fittings division showed considerably increased profits, while the tube division showed a slight improvement.

Long term fixed price contracts combined with the high rate of inflation adversely affected profits of the Services division.

Losses continued in the plastics division with raw material cost demand caused the company to until the current year.

In 1970-71 group profit, before working the training of the addl. tax, expanded from £141,446 to

tional labour and supervisory staff has meant that the build-up in output has been gradual and is only currently reaching the level necessary to cover overall costs.

Meeting, Solihull, September 10, noon.

● comment

Econa slowed down in the second half of last year with pre-tax profits up 11 per cent against a 20 per cent first half upturn.

However, the bulk of the group comes in this second half so the group is (in this period) working from a larger base. As for the report, its tone is mixed. As for the report's target for 1971-72 is at least to equal 1970-71 performance.

But the plastics section is scheduled to swing back into the black, with an estimated profit of some £65,000 alone; moreover, the settlement of the tubes division fire claim may be higher than the £50,000 trading profits included last year. So the 1971-72 forecast may prove conservative; yet taking it at face value could imply a setback by the rest of the group. Thus a fully diluted p/e of 8½ at 30p has the imponderables in strict perspective.

RIT at least to hold 8½%

WHILE TOO EARLY to make an accurate forecast for the current year, Mr. Coville, chairman of Rockfield Investments Trust, is confident of at least maintaining the dividend and "hopefully" to make a modest increase."

He describes the year ended March 31, 1971, as a period of "significant growth and change" in which the policy of concentrating on acquiring substantial stakes in service-based companies was carried out.

The result has been to transform the company from a relatively small orthopaedic investment trust into a very much larger concern combining a high quality portfolio of quoted securities, concentrated in the U.K. and the U.S., and a range of significant minority (and in the case of Datavision) majority interests in unquoted companies with "outstanding growth prospects," states the chairman.

The full impact on the group's 1970-71 profits will receive the benefit of the 884-bed Park Hotel, which is already heavily pre-booked, and this alone should more than offset the loss

of 78,775. As reported July 6 the dividend is raised from 7 per cent to 8½ per cent on higher capital.

Mr. Coville intends relinquishing the chair after the meeting.

Mr. Jacob Rothschild has been invited to succeed him.

Meeting, New Court, St Swithin's Lane, EC, September 6 at noon.

See Lex

Rowton mid-way downturn

PRE-TAX profits of Rowton Hotels for the six months to June 30, 1971, are lower at £10,000 against £22,000.

The interim dividend is maintained at 2½ per cent. In 1970, the total was 2½ per cent from pre-tax profits of £45,702.

In April the Board stated they did not expect the 1971 profit to reach the level attained last year, but it would be sufficient to maintain the dividend.

First-half trading results from the hostels and hotels were slightly better than expected, and the group will benefit from the success predictions in purchase tax and corporation tax, the directors state.

Work on London Park Hotel is up to schedule. The hotel is due to open on May 1, 1972, and advance bookings are most encouraging, and several leading foreign travel agents have already made substantial reservations.

● comment

Considering that about half of Rowton's 1970 pre-tax profits came from its 3,700 hostel beds (with the remainder contributed by 716 hotel beds), it is surprising that this year's loss of the 800-bed Parkview hotel did not drop the group's interim profits by more than 5 per cent. It seems that the overall occupancy rate is running at a high level, and in addition both the hostel and hotel prices were put up by about 10 per cent early this year. Even so annual profits will probably come out about 20 per cent lower at £360,000 pre-tax (giving earnings of 5.8p against 7.7p last year) after the initial interest charge on the new loan. Against this, the group's 1972 profits will receive the benefit of the 884-bed Park Hotel, which is already heavily pre-booked, and this alone should more than offset the loss

of advantage to the company, the chairman adds.

On reporting on July 31 group pre-tax profit for the year to March 31, 1971, was £190,637 (£180,830) and the dividend 10 per cent. (same)—covered 2.4 times by earnings after allowing for the Deferred shares, which will rank for dividend in two years' time says Mr. Hawkins.

The profit was struck after exceptional items of £28,009 including £7,000 compensation to a director for loss of office.

Meeting, Bristol, September 7, noon.

On advertising the chairman says that for three years there has been little or no real growth in advertising expenditure by companies, but in contrast, and largely against the trend, the advertising service by the papers in Bristol and Yeovil continued to forge ahead. Net advertising revenue of all the group's newspapers rose by 7.1 per cent in 1970-71.

Depreciation in the year rose by over £18,284. For the current year and 1972-73 this provision will drop considerably and will be helpful in avoiding fluctuations in dividends over the next few years, says Mr. Hawkins.

The company has agreed to lease the building at Temple Way to Bristol United Press for 36 years at a commencing rental of £200,000 plus 10 per cent of turnover at the end of each seven years.

The chairman says that the company intends to play a leading part in local commercial radio.

Year-end capital expenditure totalled £3,03m. (£3,58m.).

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Depreciation in the year rose by over £18,284. For the current year and 1972-73 this provision will drop considerably and will be helpful in avoiding fluctuations in dividends over the next few years, says Mr. Hawkins.

The company has agreed to lease the building at Temple Way to Bristol United Press for 36 years at a commencing rental of £200,000 plus 10 per cent of turnover at the end of each seven years.

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INTERNATIONAL COMPANY NEWS + OVERSEAS MARKETS

EUROBONDS

Dollar bond market falters under currency pressures

BY WILLIAM LOW

"I WISH I was on holiday" replied one disconsolate Eurobond operator when asked what he thought of the market. His comment is shared by many of his competitors who are struggling to keep their feet in the midst of the current monetary upheaval.

The decline of the secondary market for Eurodollar bonds continued throughout last week without any immediate sign of relief. The Bondtrude indices for medium and long-term straight-debt dollar issues dropped to new "lows" for the year as investors maintained a steady selling pressure. Spreads between bid and offer quotes widened up to 5 percentage points in exceptional cases, with 1 to 2 points common.

Some houses quietly ceased market-making operations, dealing on a negotiation only basis. One investor trying to unload 100 bonds of a particular issue succeeded in selling just 10

bonds: this example can be repeated many times. Actual turnover is small, possibly at its lowest level for this year. And so the sorry tale continues.

The primary sector has also come under pressure. General Motors was forced to reduce the amount of its debenture offering while TRW decided to postpone its offering. It would be a brave or foolhardy borrower who attempted to float a pure straight-debt dollar loan at the moment.

The other side of the coin is the strong interest in issues denominated in currencies other than the dollar. Another European Unit of Account (EUA) loan is expected to be announced later this week. Such is the attraction of the EUA in these troubled times that the queue of prospective borrowers extends into early next year.

D-Mark denominated bonds issued by non-German borrowers are eagerly bought by non-residents who earn interest

(something they cannot do on bank deposits) and also stand to profit by a revaluation of the Mark. The West German Capital Market Committee meets today to decide the flow of new issues for the coming fortnight. It is possible that the interest rate for foreign loans may be reduced to 7% per cent from the current 8 per cent level in view of the heavy oversubscriptions for recent 8 per cent issues.

Another unit which is popular with both borrowers and investors is the Dutch Guilder. The Dutch Central Bank has agreed to the resumption of so-called Euroguilder issues which are sold only to non-residents of the Netherlands. New Zealand has successfully raised \$1.80m. for seven years at 7% per cent and further such offerings are expected at the rate of about two a month. Pressure is being applied by the Dutch authorities to extend the life of Euroguilder loans to 10 or even 15 years.

PDC CONSTRUCTIONS PTY., the building subsidiary of Project Development Corporation, says it has signed a multi-million pound contract for design and construction of a fertiliser blending and distribution system in North Sumatra and is valued at \$17m. The work will be carried out in association with Wagner Biro of Vienna, Austria. Work will start beginning 1972 and be completed by end 1973.

ZENTRUM BANK, of Zurich together with branches in Lucerne, Basel and Lausanne, has had to close following the arrest of its director and Board delegate Peter Wettstein. Wettstein, who is the majority shareholder of the bank, is charged with the issuing of false documents and "other punishable offences." The Federal Banking Commission in Berne stated that the Board delegate has embezzled "considerable sums" by exceeding the bank's own resources. The bank, which is a specialist in personal credits and advertising with the phrase "a credit granted every 15 minutes," has a capital of Sw.Frs.100m.

BETHLEHEM STEEL CORPORATION said it will raise prices on tin mill products, effective October 1. Increase will be in line with that announced by U.S. Steel Corporation when it raised prices of several products following settlement of a new labour pact with steelworkers.

ASBESTOS CORPORATION, one of the largest asbestos producers in Canada and a subsidiary of General Dynamics Corporation of New York, reports profit of \$2.1m., or 73 cents a share, for six months ended June 30, against \$1.96m. (69 cents) a year earlier. Sales \$23.6m. (\$21.4m.).

AMERICAN METAL CLIMAX said it signed a 12-month option to purchase, for \$3m., American Zinc Company's electrolytic zinc plant at Sycamore, Illinois. American Zinc closed the plant in January 1969. (69 cents) a year earlier. Estimated capacity of the plant, prior to the shutdown, was 75,000 to 80,000 tons of special high-grade zinc annually.

JOHANNESBURG (Aug. 13 Aug. 12 High 1971 Low 1971 Dividend 1971) F.R. Thurs. Wed. Tues. Mon. Fri. Sat. Sun. 1971 24.59 24.61 24.40 24.21 24.25 25.41(4) Volume 22,500 4,080 2,550 2,340 2,050 (1965-196) Source: Rand Daily Mail

AMERICAN SE ALL STOCKS AVERAGE 1971 F.R. Thurs. Wed. Tues. Mon. Fri. Sat. Sun. 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Bahrain signs friendship treaty with Britain

By RALPH IZZARD

EMIR Isa, the Ruler of Bahrain and Sir Geoffrey Arthur, the British Resident, today signed new treaty of friendship between Britain and Bahrain in friendly ceremony at Government House.

They also exchanged notes indicating all previous agreements between the two countries.

On Saturday's declaration of independence by Sheikh Isa was nullified.

All the members of Bahrain's

Council and Mr. Alec Stirling, the British Political Agent,

are present at today's cere-

mony. They hear both Sheikh

and Sir Geoffrey refer in

speeches to the long and

friendly association between the

countries in the past and

if hopes for a continued fruit-

ful relationship based on mutual

respect as equal partners in the

world.

British Embassy

This morning, a sign outside

the British Political Agency was

over and replaced by one

saying "British Embassy". It is

understood here that Mr. Stirling

be raised to ambassadorial

rank and will soon present his

credentials.

Sir Geoffrey Arthur, who has

assumed overall responsibility

for the British Political Agency

is understood to be

to be raised to ambassadorial

rank and will soon present his

credentials.

The text of the new friend-

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